

DEPARTMENT OF HEALTH SERVICES

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(916) 657-2941



January 12, 1994

TO: All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons

Letter No.: 94-06

MEDI-CAL EXEMPTIONS FOR TITLE IV STUDENT ASSISTANCE

INTRODUCTION

This All County Welfare Directors Letter (ACWDL) will transmit information regarding the impact on **Medi-Cal's student assistance income exemptions resulting from the enactment into federal law of Title IV** of the Higher Education Amendments (Title IV) of 1992 (Public Law 102-325, amending the Higher Education Act of 1965.)

TITLE IV STUDENT ASSISTANCE PAYMENTS ARE EXEMPT

All student assistance payments provided to students under authority of Title IV are exempt for purposes of determining Medi-Cal income eligibility and, notwithstanding Section 50483, property eligibility. Counties shall implement this new property exemption no later than April 1, 1994. Under PL 102-325, Section 479B (see also 20 USC 1087uu), Title IV student assistance payments, and Bureau of Indian Affairs (BIA) education assistance are exempt in their entirety without regard to how such payments are spent by the beneficiary. A list of all the of the major, and most of the minor, Title IV student assistance payment programs is separately enclosed.

THIS ACWDL CONTINUES THE CURRENT MEDI-CAL INCOME EXEMPTION FOR FEDERALLY INSURED STUDENT ASSISTANCE PAYMENTS

The Title IV amendments continue many of the federally insured student assistance programs originally established by the Higher Education Act of 1965. Several of the student assistance programs have been renamed, and several new student assistance programs have been added, by the amendments. Many of these student assistance programs are available to graduate as well as undergraduate students. One Title IV program, Upward Bound, provides assistance to adolescents in secondary school.

Medi-Cal established an income exemption, at 22 CCR Section 50533(a)(2) and (a)(3), for federally insured student assistance payment programs when these programs were originally created by the Higher Education Act. Because this income exemption was in effect previous to the enactment of the Title IV amendments, the student assistance payments authorized under the Title IV amendments should not require any changes to current Medi-Cal treatment of this class of student assistance payments. Current procedure for treatment of this class of student assistance payments is described below.

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VERIFICATION PROCEDURES FOR ESTABLISHING A TITLE IV STUDENT ASSISTANCE EXEMPTION

To receive a Title IV student assistance payment exemption, the beneficiary must submit to the county a student financial assistance award letter or student financial assistance verification form from a college, school, or other appropriate financial aid office, which states that the student is a recipient of one of the Title IV student assistance payments (listed on the attached page). This exemption is allowed only to the extent that the Title IV student assistance, for which the award letter states the student has qualified, is actually paid to the student. Counties may require additional verification that the student has received payment of the student assistance identified in the award letter. Copies of documents used to verify student assistance must be stored in the case file.

The provisions of this ACWDL continue and clarify previous income policy exempting federally insured student assistance payments (created by the Higher Education Act of 1965). The attached list of student assistance payments, exempt under Title IV and under 22 CCR Section 50533(a)(2) and (a)(3), provides an expanded listing of exempt student assistance payments and updates the exempt student assistance payments listed at (a)(2) and (a)(3) of this section.

In the event that a county may have denied a Medi-Cal income or property exemption for one of the student assistance payments on this list, the county should provide the exemption retroactively for the months in which the beneficiary received the student assistance payment. If applicable, this retroactive exemption will be applied at the Medi-Cal redetermination, when brought to the county's attention by the beneficiary, or when the county otherwise becomes aware that the beneficiary did not receive an exemption for one of these student assistance payments. A retroactive income exemption will be applied by issuing a retroactive Medi-Cal card, or by lowering the beneficiary's share of cost in future month(s), as provided in 22 CCR Section 50653.3.

Please direct income questions or comments to Mr. Dave Rappolee of my staff at (916) 657-0163, and property questions or comments to Ms. Sharyl Shanen-Raya at (916) 657-2942.

Sincerely,

ORIGINAL SIGNED BY
GLENDA ARELLANO for
Frank Martucci, Chief
Medi-Cal Eligibility Branch

Enclosure

LIST OF MEDI-CAL EXEMPT TITLE IV STUDENTS ASSISTANCE PAYMENTS --FULL LIST; INCLUDES ANNOTATIONS

MAJOR* STUDENT ASSISTANCE PROGRAMS EXEMPT UNDER TITLE IV

- ◆ PELL Grants (formerly Basic Educational Opportunity Grants (BEOG))
- ◆ Federal Supplemental Educational Opportunity Grants (SEOG)
- ◆ Perkins Loans
- ◆ Stafford Loans (formerly called the Federally Insured Student Loan Program; includes subsidized and unsubsidized loans; the latter are also called Federal Unsubsidized Loans;)
- ◆ Cal Grants (A, B and C)
- ◆ College Work Study
- ◆ Federal Parent Loan for Undergraduate Students (PLUS) Loans
- ◆ Federal Direct Loan Demonstration Program (phase in program, commencing in 1994; will replace Stafford Loan Program.)
- ◆ Federal Supplemental Loans For Students

MINOR* STUDENT ASSISTANCE PROGRAMS EXEMPT UNDER TITLE IV

- ◆ Byrd Honors Scholarships
- ◆ Income Contingent Direct Loan Demonstration Program
- ◆ Special Programs for Students Whose Families Are Engaged In Migrant And Seasonal Farm Work (CAMP)
- ◆ Bureau of Indian Affairs Educational Assistance
- ◆ Upward Bound
- ◆ Presidential Access Scholarships
- ◆ National Student Savings Demonstration Program
- ◆ Federal Consolidation Loans
- ◆ Paul Douglas Teacher Scholarship Program
- ◆ Special Child Care For Disadvantaged
- ◆ Model Program Community Partnership and Counseling Grants

* According to number of California students receiving the specified financial aid.

From: SYSTEMS --DHSEMC2
TO: APTNSFI--HW1

Date and time 02/04/94 13:16:00

Date: Friday, 4 February 1994 13:16 PT
To: CRONTS
From: HS.MEB.SYSTEMS@DHSEMC2
Subject: EMC2 DHS #94019

TO: All County Welfare Directors

COUNTY BOUNTY PROGRAM

This is in response to questions raised at the January County Welfare Directors Association Medical Care Committee meeting regarding the status of the County Bounty program.

As noted in All County Welfare Directors Letter 94-3, the Department plans to evaluate the program in March 1994 to determine whether incentive payments have proven effective in increasing health insurance identification. The Legislature adopted the program on the assumption that the number of Medi-Cal recipients identified as having health insurance would double in a two-year period. In the first ten months of the program, the identification rate for the Aid to Families with Dependent Children (AFDC) and AFDC/Maintenance Need (MN) programs has risen only 0.2 percent.

The primary objective of the program evaluation will be to determine if it is cost effective to continue incentive payments. Inasmuch as the program savings result from increased insurance identification, we are concerned that the reporting rates have not shown the anticipated growth. If the program is found not to be cost effective, the county bounty contracts will be terminated effective June 30, 1994.

Please direct any questions to Ms. Shar Schroeffer of the Health Insurance Section at (916) 323-9948, or FAX (916) 322-8778.

Sincerely,

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch